

# **India-Middle East-Europe Corridor**

For Prelims: India-Middle East-Europe Corridor, <u>G20 Summit</u>, <u>Greenhouse Gas (GHG)</u>, <u>Belt and Road Initiative (BRI)</u>, Eurasian region, <u>SEZs (Special Economic Zones)</u>.

For Mains: India-Middle East-Europe Corridor, its Significance for India and Challenges.

#### **Source: TH**

## Why in News?

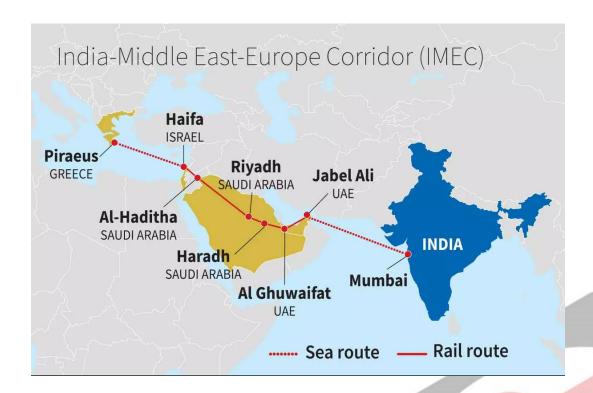
Recently, the India-Middle East-Europe Economic Corridor (IMEC) Project was signed at the <u>G20 Summit</u> in **New Delhi**, which holds significant geopolitical and economic implications for India.

The project forms part of the <u>Partnership for Global Infrastructure and Investment (PGII)</u>.
PGII is a values-driven, high-impact, and transparent infrastructure partnership to meet the enormous infrastructure needs of low and middle-income countries.

## What is the India-Middle East-Europe Economic Corridor (IMEC) Project?

- About:
  - The proposed IMEC will consist of Railroad, Ship-to-Rail networks and Road transport routes extending across two corridors, that is,
    - The East Corridor connecting India to the Arabian Gulf,
    - The Northern Corridor connecting the Gulf to Europe.
  - The IMEC corridor will also include an electricity cable, a hydrogen pipeline and a high-speed data cable.

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#### Signatories:

• India, the US, Saudi Arabia, UAE, the **European Union**, Italy, France, and Germany.

#### Ports to be Connected:

- India: Mundra (Gujarat), Kandla (Gujarat), and Jawaharlal Nehru Port Trust (Navi Mumbai).
- Middle East: Fujairah, Jebel Ali, and Abu Dhabi in the UAE as well as Dammam and Ras Al Khair ports in Saudi Arabia.
  - Railway line will connect Fujairah port (UAE) to Haifa port (Israel) via: Saudi Arabia (Ghuwaifat and Haradh) and Jordan.
- Israel: Haifa port.
- **Europe:** Piraeus port in Greece, Messina in South Italy, and Marseille in France.

#### Objective:

- It aims to create a **comprehensive transportation network**, comprising rail, road, and sea routes, connecting India, the Middle East, and Europe.
- It aims to enhance transportation efficiency, reduce costs, increase economic unity, generate employment, and lower <u>Greenhouse Gas (GHG)</u> emissions.
- It is expected to transform the integration of Asia, Europe, and the Middle East by facilitating trade and connectivity.

#### Significance:

 Upon completion, it would provide a "reliable and cost-effective cross-border ship-to-rail transit network to supplement existing maritime and road transports".

## What are the Geopolitical and Economic Implications of IMEC?

## Geopolitical:

- Thwart to China's BRI:
  - IMEC is seen as a **potential counter to China's** <u>Belt and Road Initiative (BRI)</u> in the <u>Eurasian</u> region.
  - It can serve to **counterbalance China's growing economic and political influence,** especially in regions with historically strong ties to the U.S.
- Integration Across Civilizations:
  - The project can strengthen ties and integration across continents and civilizations.
  - It offers a **strategic opportunity for the U.S.** to maintain influence and reassure traditional partners amidst China's growing influence in the region..
- Breaking Pakistan's Overland Connectivity Veto:
  - IMEC bypasses Pakistan, breaking its veto over India's overland connectivity

to the West, a hurdle persistently faced in the past.

### • Strategic Engagement with Arabian Peninsula:

• The corridor deepens India's strategic engagement with the Arabian peninsula by establishing enduring connectivity and elevating political and strategic links with nations in the region.

#### Promoting Intra-Regional Connectivity and Peace:

- IMEC has the potential to promote intra-regional connectivity and could help reduce **political tensions in the Arabian peninsula.**
- It holds the prospect of becoming an "infrastructure for peace" in the region.

## • India's Strategic Role in Africa:

- The corridor's model **could be extended to Africa**, aligning with the US and EU's plan to develop a **Trans-African corridor**.
- This signifies India's intent to strengthen its engagement with Africa and contribute to its infrastructure development.

#### • Economic:

#### Enhanced Trade Opportunities

- IMEC presents a **transformative opportunity for India to boost economic growth** by enhancing its trade connectivity with key regions.
- The route could **significantly reduce transit times**, making trade with Europe 40% faster compared to the Suez Canal maritime route.

## Stimulated Industrial Growth:

- The corridor will create an **efficient transport network for the seamless** movement of goods.
- This will encourage industrial growth, particularly in regions connected to the corridor, as companies will find it easier to transport raw materials and finished products.

## Job Creation:

- As economic activities expand due to improved connectivity, there will be a surge in job opportunities across sectors.
- The growth in trade, infrastructure, and allied industries will necessitate skilled and unskilled labor, promoting employment.

## Energy Security and Resource Access:

- The corridor can facilitate secure energy and resource supplies, especially from the Middle East.
- Reliable access to these resources will stabilize India's energy sector and support its growing economy.

## Facilitating Special Economic Zones (SEZs):

The corridor can be strategically leveraged to develop <u>SEZs (Special Economic Zones)</u> along its route. SEZs can attract foreign investment, promote manufacturing, and drive economic growth in these designated zones.

## What are the Challenges to the India-Middle East-Europe Corridor (IMEC)?

## Logistics and Connectivity Issues:

- Developing a multimodal transport corridor involving rail, road, and sea routes spanning multiple countries requires complex logistical planning and coordination among stakeholders.
- Selecting the most viable and cost-effective routes, assessing the feasibility of rail and road connections, and ensuring optimal connectivity are key challenges.

## • Missing Rail Links and Construction:

• Significant portions of rail links are missing, **especially in the Middle East**, requiring substantial construction efforts and **investment to complete the rail network.** 

## Coordination among Multiple Countries:

 Coordinating efforts, policies, and regulations among multiple countries with diverse interests, legal systems, and administrative procedures is a major challenge in realizing this cross-continental corridor.

#### Potential Opposition and Competition:

 Opposition or competition from existing transport routes, especially Egypt's Suez Canal, which may see reduced traffic and revenue, could pose challenges and diplomatic

#### hurdles.

### Cost and Financing:

- Estimating and securing adequate financing for the construction, operation, and maintenance of the corridor is a significant challenge.
- The costs for development are estimated to be substantial, and funding sources need to be identified.
  - Initial estimates suggest that developing each of these IMEC routes could cost anywhere between USD 3 billion to USD 8 billion.

## **Way Forward**

- Achieving technical compatibility and standardisation in terms of gauges, train technologies, container dimensions, and other critical aspects across different countries is vital for seamless operations.
- Balancing the geopolitical interests of participating nations and addressing potential political sensitivities, especially regarding Israel, is crucial for smooth implementation.
- Addressing environmental impact concerns, ensuring sustainability, and adhering to green and eco-friendly practices in construction and operation are critical aspects of the project.
- Implementing robust security measures to safeguard cargo and infrastructure from potential threats, theft, piracy, and other security risks is essential.

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